THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

ANNUAL REPORT 1966

CENTRAL RAILROAD COMPANY
OF
NEW JERSEY

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THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

DIRECTORS

The Central Railroad Company of New Jersey

*Earl T. Moore, *Chairman*
Victor G. Aubry, Jr.
*Charles E. Bertrand
*Revelle W. Brown
Samuel Carliner
John F. Kerslake
*Irving N. Like
Robert B. Meyner
H. Merle Mulloy
*Perry M. Shoemaker

**Member, Executive Committee*

Central Railroad Company of Pennsylvania

Victor G. Aubry, Jr.
Revelle W. Brown
E. Paul Gangewere
R. F. Hogan
John W. Kress
Irving N. Like
Earl T. Moore
Joshua A. Rich, IV
Perry M. Shoemaker

GENERAL OFFICES

JERSEY CENTRAL TERMINAL
JERSEY CITY, N.J. 07302

Lehigh and New England Railway Company

Victor G. Aubry, Jr.
Revelle W. Brown
E. Paul Gangewere
R. F. Hogan
John W. Kress
Irving N. Like
Earl T. Moore
Joshua A. Rich, IV
Perry M. Shoemaker

Wharton and Northern Railroad Company

James L. Barngrove, Jr.
Jack A. Craddock
John E. Logan
Alfred J. Mackin
Perry M. Shoemaker

Jersey Central Transportation Company

James L. Barngrove, Jr.
Jack A. Craddock
Perry M. Shoemaker
Richard B. Wachenfeld

OFFICERS

PERRY M. SHOEMAKER
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JAMES L. BARNGROVE, JR.
VICE PRESIDENT — FREIGHT TRAFFIC
JACK A. CRADDOCK
VICE PRESIDENT AND GENERAL MANAGER
RICHARD B. WACHENFELD
VICE PRESIDENT AND GENERAL COUNSEL
ROBERT FREDERICKSON
COMPTROLLER
ROBERT E. TESTON
SECRETARY AND TREASURER
BERNARD J. MINETTI
CHIEF ENGINEER
HAROLD C. TUNISON
SUPERINTENDENT, MP&RE
WARREN W. BOYCE
PURCHASING AGENT
ROBERT G. HAMLIN
PROPERTY MANAGER
FRANK W. MAHONEY, M.D.
MEDICAL DIRECTOR

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

• JERSEY CENTRAL TERMINAL • JERSEY CITY, N. J. 07302 •

P. M. SHOEMAKER, President

Telephones { N. J. DElaware 3-1122 •
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March 31, 1967

TO STOCKHOLDERS:

Vigorous efforts by the Company, with strong support from the railroad labor organizations, the shippers and the commuters, failed at the final March meeting of the Legislature, on the 20th, to persuade either Governor Hughes or the Legislature to provide the Company with further passenger loss reimbursement.

The reduced contract amount of $5.1 million in the State contract starting July 1, 1966, was predicated upon 1965 losses and was paid to the Company on the basis of $4 million on July 1, 1966, and the balance in November. No further contract payments have been made and the Company found it impossible to continue financing the $7 million passenger loss of 1966, with further losses in 1967 building up at the rate of more than $600,000 per month.

With no other source of funds available the Board of Directors, at its meeting on the morning of March 22nd, found itself with no alternative but to instruct management to file a petition with the Federal Court for reorganization under Section 77 of the Bankruptcy Act. The attached Stockholders' Report for 1966 was in the hands of our printer prior to March 22nd.

Whether or not the State of New Jersey will now supply funds to continue essential freight and passenger service remains to be seen. Affirmative statements in this regard have been made by State officials.

Yours very truly,

PMShoemaker

FINANCIAL SUMMARY OF 1966

Income

	1966	1965
Receipts from freight, passenger and miscellaneous operations	$ 55,572,702	$ 53,810,824
Other income (net)	2,181,650	1,391,354
Total income	$ 57,754,352	$ 55,202,178

Expenses

	1966	1965
Cost of maintaining and operating the property	$ 49,908,555	$ 46,554,723
Taxes	4,678,370	5,481,183
Hire of equipment and joint facilities	5,726,697	4,942,178
Fixed charges	4,928,491	4,927,545
Total costs	$ 65,242,113	$ 61,905,629

	1966	1965
Net Loss	**$ 7,487,761**	**$ 6,703,451**
Adjustments to determine "available net income" as required by the trust indenture:		
Elimination of amounts charged to operating expenses for ledger value less salvage of property retired and not replaced	$ 498,036	$ 131,090
Elimination of L.&N.E. Ry. Net Income not includible in determining "available net income"	(38,894)	(79,036)
Elimination of profit from the sale of meadowland properties credited to income and deposited with the mortgage trustee*	134,999	280,209
"Available net income" deficit from prior years	44,908,227	38,134,693
"Available Net Income" (Deficit)	**$(51,994,057)**	**$(44,908,227)**

Capital Fund

	1966	1965
Amount in Capital Fund at close of year	none	none

* Under the provisions of the Sixth Supplemental Mortgage, there shall be deducted from consolidated income, so much thereof as results from the sale of meadowland.

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To Stockholders:

The Central Railroad of New Jersey experienced a net loss of $7,487,761 in 1966, compared with $6,703,451 in 1965 and $8,289,595 in 1964. The upward trend in total revenues, which began in 1965, continued, with a rise from $53,810,824 in 1965 to $55,572,702 in 1966, representing a two-year improvement of more than 9%, but factually the greater part of this change represented participation by the State of New Jersey in passenger losses. The 1966 improvement in revenues was more than offset by an increase in expenses of almost $3.4 million, rising from a combination of extraordinary events, the effects of accumulated deferred maintenance, and general inflation.

Your Railroad was able to meet its cash obligations largely through an increase in cash payments from the State of New Jersey, sale of property, scrap and equipment. Our cash position will continue to be our most serious problem during 1967.

Operating expenses increased $3,303,832, with maintenance expenses accounting for almost half of this increase. During the year, 1,751 freight cars received heavy repairs as against 384 in 1965, and the maintenance-of-way and structures budget had to be increased 15% to cut into long-deferred track maintenance. Emergency repairs to two bridges, damaged by steamships, affected maintenance and transportation expenses and some $750,000 in consequential costs were included in operating costs. Another $250,000 of indirect costs stemmed from congestion, lost traffic, and dislocation of power.

Increases in wages and in railroad retirement taxes added $950,000 to expenses. Hire of equipment cost an additional $868,731—through higher rental rates for foreign cars, an increase in piggyback business, and the hiring of ferry boats and additional locomotives. Accruals for personal injury settlements, mostly stemming from previous years, were up $744,000 in 1966.

I am happy to report that, at long last, New Jersey taxes on railroad property have been brought into line with those of comparable States. As a result of legislation and court action, New Jersey property taxes paid by the CNJ were reduced from $2,652,804 in 1965 to $1,414,812 in 1966, and are scheduled to be reduced by approximately $205,000 more in 1967.

Freight revenues remained substantially stable; they totalled $42,561,459 in 1965 and $42,460,586 in 1966. Revenue from coal, an important category of CNJ freight, declined from $9,088,505 in 1965 to $8,333,275 in 1966 because of a further dip in export *demand for anthracite and because New York City's new anti-pollution law requires a greater proportion of low-sulphur-content bituminous, a quality not mined in the B&O and Western Maryland territories, from which CNJ receives its coal. More intensive freight solicitation and the accumulated effects of industrial development in our own territory resulted in an increase in general merchandise revenues, from $33,472,954 to $34,127,311, not quite enough to offset the loss of coal traffic. Piggyback handling increased 8.6% in 1966 over the previous year; we are at the point of outgrowing our facilities both at Jersey City and at Elizabethport. Significant progress has been made in developing new on-line customers and in broadening CNJ's freight traffic routes.*

Passenger revenues increased from $8,686,893 to $10,682,193, but only as a result of sharply increased State participation in passenger deficits. Excluding State aid, passenger revenues declined $487,498, largely as the result of loss of patronage during two bridge accidents, and the complete loss of the United States Mail cost another $442,000. The ratio of State aid accrued towards passenger losses rose from 56% in 1965 to 87% in 1966. In 1967, passenger losses are estimated to reach $7 million—a sum which will have to be reimbursed in full if we are to continue to meet our obligations.

The future of the CNJ as an individual railroad is increasingly influenced by the policies adopted by the State of New Jersey. The State has continued to show helpful awareness during the past year of the essentiality of CNJ commuting service and its freight service to hundreds of New Jersey companies. This interest has been manifested in several ways.

As noted previously, State contract payments for performing the necessary public service of maintaining commuter service were increased in 1966. The State's participation for the fiscal year 1966-67 is, however, scheduled to decrease by almost $900,000 from the $5,947,000 participation in fiscal 1965-1966. The new figure is calculated on a new State concept that would limit contract payments to directly avoidable operating costs involved in passenger service. Not until this theory, which we find entirely unrealistic, has been reconsidered—and not until the State is willing to recognize that a proportion of government guaranteed loan amortization and equipment amortization is a factor in passenger losses—can it be said that the CNJ has been relieved of the unreasonable burden of being forced to perform a public service at a loss.

Full implementation of the Aldene Plan is currently scheduled for the end of April, 1967. Most CNJ construction work involved in the project, except for minor signal changes, has been finished. The recurring delays in implementing the Plan have been costly to us. Not only have we had to absorb some $464,000 in "non-project" costs (costs necessary to implement the Plan or to achieve its economies, but which have not been accepted by the State of New Jersey as reimbursable) but the necessity of doing the actual work at undesirable times, without being able to secure additional skilled manpower, has hampered other programs, such as the repair of freight cars vital to reduction of per diem payments, and added to our overtime costs. It will cost CNJ approximately $1.5 million in additional "non-project" costs to achieve the expected $1.5 million annual benefits of the Aldene Plan — savings which now will not become operative before 1969 unless job protection payments to affected employees are immediately reimbursed by the State as a part of current passenger costs.

There were two unusual and costly occurrences in 1966 (more fully described elsewhere in this report) in which steamships collided with our drawbridges, with seriously adverse effects upon both passenger and freight service, as well as the Company's cash position.

Some of our problems are continuing ones. Labor costs keep climbing. If the presently indicated 5% wage increase is not exceeded, the cost to CNJ in the full year of 1967 will approximate $1,660,000.

Railroad Retirement costs also will increase in 1967. Not only do these taxes cost the railroads more than twice as much as Social Security taxes cost other industries, but new supplemental benefits will add another $410,000 to our annual bill in 1967.

Our special arrangements with the Lehigh Coal and Navigation Company, to defer 19% of our basic rental of $2,280,000 for the Lehigh and Susquehanna Railroad property, expired at the end of the year, but further negotiations have now extended this deferral through 1967.

In spite of the Meadowland title problem in New Jersey and the general decline in plant expansion, our industrial development program located 34 new industries in 1966 with a traffic potential of more than 11,000 carloads annually.

Through the use of leased track repair equipment, substantial inroads were made with respect to deferred track maintenance.

Neither cash nor credit was available in 1966 for major capital improvements, regardless of their potential savings. Only by selling certain freight cars, and contracting to buy them back, was it possible to accelerate our freight-car repair program in an effort to reduce excessive deficits in car rental charges.

Extensive preparations are being made for the computerizing of car-handling and car-tracing. It will be Spring of 1968 before complete implementation is possible.

It is believed that CNJ is not receiving its equitable share of revenue from much of the traffic it carries jointly with other roads, particularly in view of its inescapably heavy terminal costs. We are making efforts, through negotiation and otherwise, to improve this situation.

In 1966 the Company intervened in the proceeding pending before the Interstate Commerce Commission involving the proposed merger of the Norfolk & Western and Chesapeake & Ohio and sought inclusion in the proposed N&W-C&O system. Hearings in the proceeding were delayed until applications of the Erie-Lackawanna, Delaware & Hudson and Boston & Maine for inclusion in the present N&W system were heard. Hearings on the proposed N&W-C&O merger are scheduled to start in April.

In April 1966 the Interstate Commerce Commission issued an Order approving the merger of the Pennsylvania and New York Central and provided that it should be consummated on September 30, 1966. This Company filed a complaint in the United States District Court seeking an injunction to delay the consummation of the merger until provisions could be made for the protection of CNJ by traffic indemnity conditions. Other carriers also filed complaints seeking to enjoin the consummation. The applications were denied. The matter was then appealed to the United States Supreme Court, which temporarily stayed the ICC Order and oral argument was had in the early part of January, 1967. A decision is pending.

The Company has also intervened in that portion of the Penn-Central merger involving inclusion of the New Haven, and therein it opposes the inclusion of the New Haven unless adequate protection and indemnity is given to this Company in connection with traffic now interchanged between it and the New Haven.

It has been made clear to the Interstate Commerce Commission that CNJ is entirely dependent upon the Commission for adequate protection, and that CNJ will have a very questionable future if left completely out of the developing mergers.

Aside from the uncertainty of merger, our immediate future will be determined by further improvement in freight revenues, continued careful cost control, and full assumption by the State of our passenger losses, and directly related cash outgo. There is forecast in 1967 a 5% increase in freight carloadings in commodities other than coal and ore. Cement rates were increased early in 1967, with an expected benefit to CNJ of almost $200,000 annually. CNJ's lighterage allowance has been increased, with an expected additional annual income of $80,000. Bituminous freight charges for trainload movements were increased in February, 1967, with anticipated benefit to your Company of $438,000 annually. Other freight-rate increases which will benefit CNJ substantially are under active consideration.

In closing, I commend CNJ's fine organization for its performance under extreme difficulties, and thank our customers for their valued patronage and our security holders for continued support.

Sincerely,

March, 1967

TRAFFIC AND REVENUES

Freight

Revenue from freight traffic in 1966 was about the same as 1965, showing a decrease of less than 1%, from $42,561,459 to $42,460,586. Total carloads handled were 666,852, a decrease of 2% under 1965.

The revenue from anthracite coal totaled $2,674,800, a decrease of $444,500, or 14.2% under the previous year.

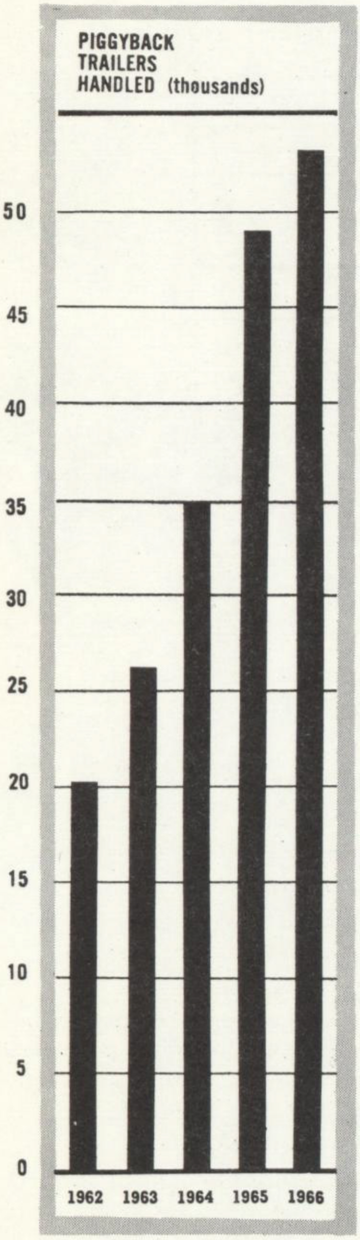
The decrease in anthracite was the attrition of this fuel in the domestic heat market and drop in export. CNJ's export anthracite handlings were 34.3% of the total. Export anthracite is mostly for the Armed Services overseas and orders for shipment in 1966 were curtailed. The total export anthracite market showed a drop from 24,597 cars to 17,725 cars, a decrease of 6,872 cars under 1965.

The revenue from bituminous coal in 1966 totaled $5,658,475, a decrease of $310,703, or 5.2% under 1965.

The principal reason for this decrease was that in 1966 a larger proportion of the coal for the public utilities in CNJ territory was from mining areas producing low sulphur content coal which originates on railroads from which there are no routes via CNJ. This change in the source of coals, as well as a decrease in the total "burn" of coal by Consolidated Edison Co., was brought about by new Anti-Air Pollution Laws.

The revenue from merchandise traffic for the year 1966 totaled $34,127,311, an increase of $654,357, or approximately 2%.

Piggyback traffic continued to show a strong upward trend. In 1966, a total of 53,244 trailers were handled, an increase of 4,324 trailers, or 8.6% over 1965. This traffic in 1966 accounted for more than 6% of CNJ's total freight revenue.



In 1966, CNJ handled 53,244 trailer loads of freight in piggyback service — an increase of 8.6% over 1965.

Traffic officers are studying means to increase revenue through increased rates or other action. Increases have already been published on cement to become effective March 1, 1967, which should produce $186,000 additional revenue per year. Also, March 4, an increase of 3c per hundred has been made in the Port Service Charge, which will produce $83,000 additional revenue per year. Bituminous coal unit train rates were increased February 5, 1967, with an annual increase in CNJ earnings estimated to be $438,000. Additional items are under active consideration.

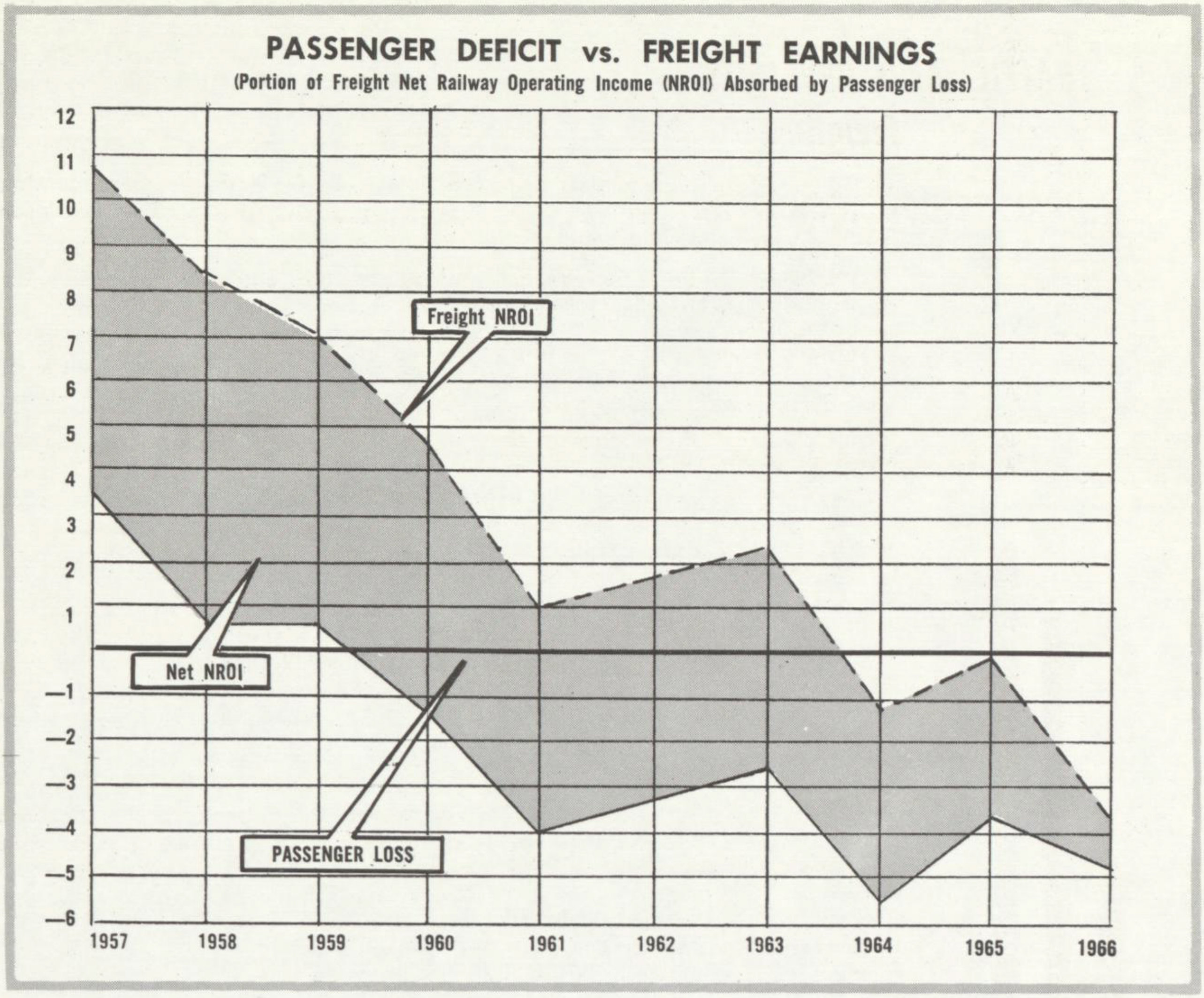
Continued activity has taken place with respect to opening new routes to increase CNJ's traffic and earnings. New routes opened included Oak Island Jct. (Newark) with the Pennsylvania Railroad for traffic west of Pittsburgh, with CNJ earnings substantially the same as the route via Buttonwood (Wilkes-Barre, Pa.); with the New York, Susquehanna & Western Railroad at Green Pond Jct. for bituminous coal from New York Central origins and from the Baltimore and Ohio Railroad's Reynoldsville region; with the Lehigh Valley and Reading for Pennsylvania Power & Light Co., anthracite coal for Shamokin Dam (Sunbury, Pa.).

A new movement of construction sand was developed from CNJ's South Lakewood territory to New York Harbor points via Pier 18, which amounted 84,488 tons in late 1966 and may approach 1 million tons in 1967 with revenue of 78c per ton, reflecting a volume rate based on a minimum of 3,500 tons per shipment.

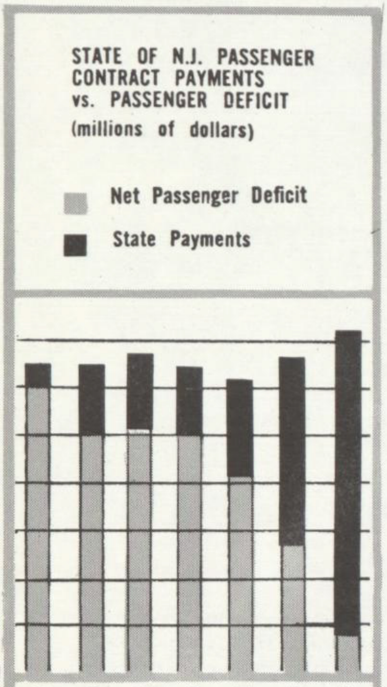
Passenger

Passenger revenues amounted to $4,521,338 in 1966, a decrease of $487,498 compared with 1965, largely due to two drawbridge accidents which completely disrupted service.

Additional income from the State of New Jersey, under contracts to assist in maintaining passenger service, amounted to $6,160,855, compared with $3,678,057 in 1965. During July and November, the State paid $5,071,710 under the fiscal


PASSENGER DEFICIT vs. FREIGHT EARNINGS

(Portion of Freight Net Railway Operating Income (NROI) Absorbed by Passenger Loss)


STATE OF N.J. PASSENGER CONTRACT PAYMENTS vs. PASSENGER DEFICIT

(millions of dollars)

year contract ending June 30, 1967. One-half of such payment constituted a prepayment for 1967 and will be included in 1967 accounts. The balance of $2,535,855 has been included in the 1966 accruals of $6,160,855.

No mail was handled on the line in 1966 and therefore no revenue was received.

Total passenger income from all sources, including State contract payments applicable to 1966, amounted to $10,683,273, an increase of $1,553,777 over the preceding year.

Net loss in passenger service *after* State contract payments decreased to $899,210, compared with $2,872,476 in 1965.

Hearings before the Division of Railroad Transportation of the State Highway Department on the Company's application to discontinue all passenger train service on the Seashore Branch between Matawan and Atlantic Highlands were concluded in March, 1966. Although favorable decision was received from the State to abandon this service, appeals to the Courts delayed the discontinuance of service until November 3, 1966. Annual savings will amount to $295,000.

The Aldene Plan, providing for passenger service to be routed via the Lehigh Valley and Pennsylvania Railroads to Newark, there connecting with PATH (Hudson Tube System) and PRR, is now scheduled for implementation in the latter part of April, 1967. Construction work on the new storage yard at Harrison on the PRR has been substantially completed, as well as the terminal facilities at Raritan and connection to the Lehigh Valley at Aldene. PATH is receiving a new fleet of cars to accommodate CNJ passengers. Only a small number of signal changes remain to finalize all the construction work.

With respect to equipment: All locomotive and push-pull car work will have been completed by the start of Newark operations; the coach reconditioning program has been delayed by shortage of manpower and about 20% will remain to be completed after April 30th.

DRAWBRIDGE ACCIDENTS

On March 3, 1966, the Grace Line freighter "S.S. Santa Isabel" struck the Raritan River drawbridge of the New York & Long Branch Railroad with the result that rail service between South Amboy and Perth Amboy was suspended until the completion of repairs on May 9th. Passengers were handled by highway bus between South Amboy and Perth Amboy and it was necessary to supply double sets of passenger train equipment, one on each side of the drawbridge, to maintain service. Freight service between Jersey City and Elizabethport and the Company's entire Southern Division to Bridgeton, as well as protecting its connection to the Raritan River Rail Road, was accomplished by detouring freight trains over the Pennsylvania Railroad between Newark, Monmouth Junction and South Amboy or Farmingdale. The cost of bridge repairs, together with the consequential costs of detouring passengers and freight, additional hire of freight equipment and loss in both passenger and freight traffic approached some $2 million. No settlement has been accomplished with the Grace Line and litigation is expected to last for some time. The Pennsylvania Railroad, joint owner with CNJ of the New York & Long Branch Railroad, advanced the necessary cash for bridge repairs as the Company was not in a position at that time to meet its share of this expense.

On May 19th, ten days after the repairs had been completed on the Raritan River Drawbridge and service restored thereover, the Company's Newark Bay Drawbridge was struck by the French Line freighter "S.S. Washington," rendering that bridge unusable until June 1st. During this period most New York & Long Branch Railroad passengers used the Pennsylvania Railroad direct to and from Shore points. CNJ mainline passengers for New York largely transferred to the Pennsylvania Railroad at Elizabeth. Bus service between Bayonne and Elizabeth was used to provide transportation for Bayonne passengers. Direct and consequential costs of the Newark Bay Drawbridge accident approach $1,500,000. While the Company had collision insurance on the drawbridge this did not include consequential damages. Because of the extent of such damages negotiations looking toward a settlement are in progress with the French Line.

These two accidents resulted in a marked decrease in the number of CNJ passengers carried on weekday commuter trains. As of the end of 1966 some 900 had not returned to the railroad but were continuing to use other transportation.

TAXES

Taxes paid to the State of New Jersey in 1966 amounted to $1,414,812, equivalent to $3.23 a share on the Company's stock outstanding.

These 1966 taxes were $1,237,792 or 46.7% less than those for the year 1965. This reduction was the result of the elimination by statute of Class I (right-of-way) and Class III (rolling stock, etc.) taxes which for the year 1965 were $552,945 and a reduction of $828,574 in Class II (operating property other than right-of-way and rolling stock, etc.) taxes because, for the first time, the Director of Taxation of the State equalized railroad assessments with local assessments.

The Legislature in 1966, effective for the year 1967, passed a complete revision of the Railroad Tax Law. This new law will result in a further reduction in the Company's tax bill of approximately $205,000 in 1967. The law establishes a fixed tax rate of 4.75% to be applied to our Class II assessments. It also provides for the continued elimination of Class I and Class III taxes and in addition, exempts the Class II taxes on facilities used in passenger service.

WAGES AND LABOR MATTERS

In the year 1966, with the expiration of previous agreements, all labor organizations entered requests for wage and fringe benefits which ranged from wage increases to improved vacations, additional holidays and carrier-financed pension programs, among others.

Thus far, national agreements providing for general wage increases of 5% have been concluded with trainmen and firemen, effective August 12, 1966, and with clerks, patrolmen, maintenance-of-way forces, signalmen and telegraphers, effective January 1, 1967, with the latter three organizations to receive an additional 2.5% effective on January 1, 1968.

Employees represented by the Transport Workers Union of America, covering certain tug and ferry forces and Pier 18 coal dumping forces, concluded an agreement in January 1967 providing for a 10c an hour increase retroactive to January 1, 1966, with additional retroactive payments for health and welfare plans, and group life insurance.

Negotiations are still being conducted on a national basis with other labor organizations.

Additionally, in October, Congress passed Public Law 89-699 which provides, effective January 1, 1967, for payment of a supplemental annuity (pension), in addition to the regular Railroad Retirement pension, to employees 65 or over, with 25 or more years of service, who retire directly from railroad service after June, 1966. This change does not have the effect of increasing total pensions to officers and others who are covered by the Company's Supplemental Pension Plan.

The law also provides a 7% increase in regular monthly benefits under the Railroad Retirement System, with certain offsets, in order to make benefits generally comparable to those provided by the 1965 Social Security amendments.

Financed entirely by the railroads, through payment of a tax of 2 cents for each man-hour for which they pay compensation, the supplemental pension is programmed to operate for five years, with continuation dependent upon new agreements or legislative action by Congress, or both.

Most employees who retired prior to July 1, 1966, while not eligible for the supplemental pension, are eligible for higher annuities under their regular pension program as the result of the selective 7% increase, which will be financed by a one-quarter of 1% increase in railroad retirement tax on employers and employees effective January 1, 1967, bringing the tax deduction to 8.65% on the first $550 of monthly income. The 8.65% includes 0.5% for hospital insurance (Medicare). The entire cost of this welfare program, including unemployment compensation tax, is estimated to be $3,580,000 in 1967, as compared with $3,180,000 in 1966 and $2,250,000 in 1957, at which time the Company had 2,200 more employees.

The national issue involving freedom to rearrange inter-divisional and intra-divisional runs, now over four years old, is still unsettled despite a White House agreement two years ago that it would be mediated to a conclusion. If settled on a reasonable basis, it will not only mean a very substantial amount in reduced costs but will also improve service to our freight customers.

INDUSTRIAL DEVELOPMENT

Thirty-four new industries, with a traffic potential of 11,400 carloads annually, located on the CNJ during 1966. Thirteen industries expanded their facilities to generate approximately 4,500 carloads of new business. This latter gain was offset by the loss of seven industries with traffic of 4,900 cars; 4,000 of these were lost through the closing of the Alan Wood Steel Company's Scrub Oak Mine at Mine Hill, N.J.

While sales in the Meadowlands area are still being seriously delayed through title difficulties, there has been a satisfactory degree of growth in privately-owned industrial parks along the Company's lines.

Four new companies—The Cott Bottling Company, the International Crating Container Company, the Kimberly-Clark Corporation, and the Monsanto Chemical Company—located in the flourishing Elizabeth Central District at Elizabeth, N.J.

Installations of the Johns-Manville Corporation, the American Cyanamid Company, and the Standard Plastics Products Company were located during the year in the Central Jersey Industrial Park, in Bridgewater Township, N.J.

The Keuffel and Esser Company located in the Central Morris Industrial Park at Rockaway, N.J., and France Manufacturing Company and Sears, Roebuck Company were secured for the Lehigh Valley Industrial Park #2 at Schoenersville, Pennsylvania, on the Lehigh & New England Railway.

PROPERTY SALES

Thirty-one parcels of land, with an area of 118.7 acres, were sold in 1966 for a total consideration of $2,422,228.

The 49.5-acre Jersey City Passenger Terminal property, which will not be needed after the Aldene Plan goes into effect, was condemned by the State for park purposes; the Company received $1,600,000 in compensation.

More than $1,500,000 of land sales in Elizabeth for industry are awaiting decision as to the location of Route 81; it is hoped that these sales can be completed during the first half of 1967.

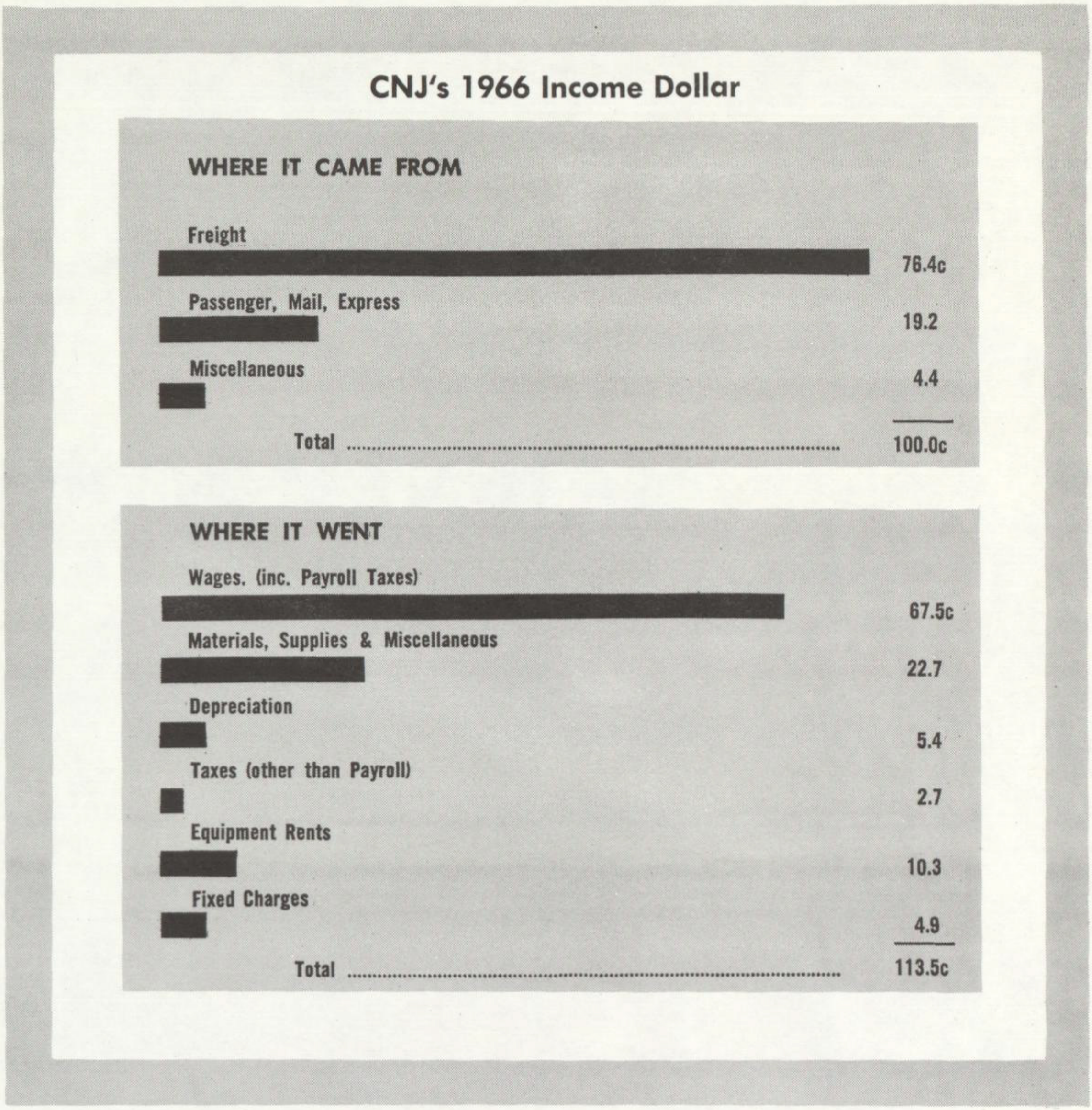
For several years the State of New Jersey has taken the position that it has title to all land in the State which, as evidenced by any official map, was at any time inundated at mean high tide, unless it had relinquished such title. Because of this there is a cloud on the Company's title to approximately 600 acres of valuable land in the Elizabeth Meadows. This cloud has been a deterrent to the sale and development of the property. Legislation which would have removed the cloud was passed by both houses of the New Jersey Legislature in 1964 and again in 1965, but in each instance the legislation was vetoed by the Governor. In January, 1967, the New Jersey Commission to Study Meadowland Development submitted its Report and Recommendations to the Governor, wherein a plan for dealing with the Meadowland title question was set forth. This Report is under further study and it seems doubtful that a formula for clearing title to this Company's property will obtain prior to 1968.

OPERATIONS AND MAINTENANCE

In 1966, the increase of $3,303,832 in operating expenses exceeded the rise in operating revenues of $1,761,878. Transportation expenses accounted for $1.3 million of increased expenses, and maintenance expenses for road and equipment increased $1.5 million. The Company's force not only had to contend with serious wrecks, heavy snow conditions and unusual bridge accidents, but it was unable to delay any longer some of its deferred road and equipment maintenance.

Despite the fact that almost five times as many freight cars were repaired in 1966 as in 1965, the bad-order ratio was only changed from 19.6% to 18.4%. The cost of equipment rentals in 1966 was $868,731 above 1965. An increasing volume of high value cars is terminating on our railroad, with a resulting rise in per diem expense. This account has been further affected by the continuing increase in piggyback traffic. In addition, in 1966, the Company was required to lease ferryboats at increased expense for the entire 12-month period and to hire locomotives because of our bridge accidents.

Progress in increasing operating efficiency has continued. Average net train



CNJ's 1966 Income Dollar

load increased 5%, and gross ton miles handled per crew hour, 4%. The net ton miles per car day improved 3%.

Increased car leases necessary for the protection of the Company's freight traffic included:

15 insulated box cars, with load dividers, from North American Car Corporation.

100 2700 cu. ft. capacity covered hopper cars from North American Car Corporation.

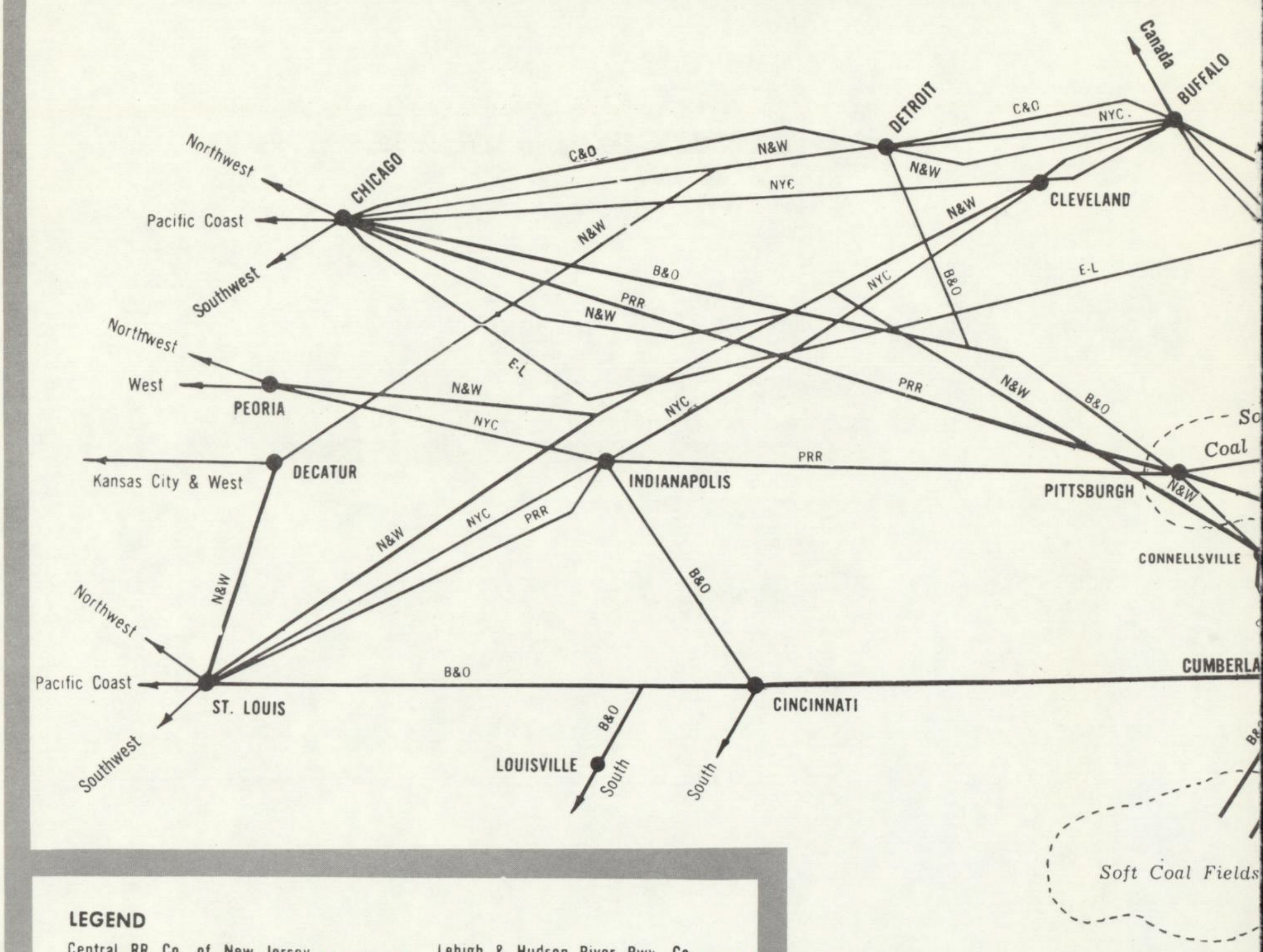
43 70-ton steel solid end gondolas from the Regis Leasing Corporation.

CAPITAL EXPENDITURES

Lacking cash or credit for major projects, capital expenditures were confined largely to work involved with the Aldene Plan, paid for by the State of New

(Text continued on page 14)

The Central Railroad Company of New Je



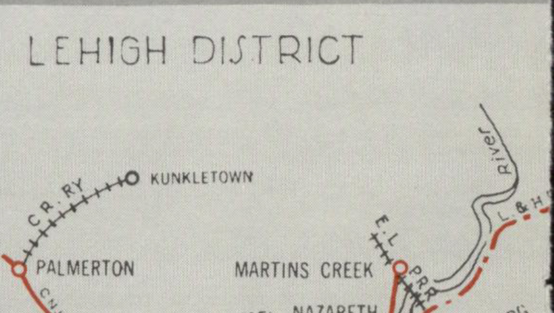
Canada
BUFFALO
DETROIT
C&O
NYC.
N&W
Northwest
CHICAGO
C&O
NYC
CLEVELAND
Pacific Coast
Southwest
N&W
B&O
E-L
NYC
PRR
N&W
Northwest
West
PEORIA
E-L
N&W
NYC
PRR
N&W
B&O
Soft
Coal
Kansas City & West
DECATUR
INDIANAPOLIS
PRR
PITTSBURGH
CONNELLSVILLE
N&W
NYC
PRR
B&O
Northwest
Pacific Coast
ST. LOUIS
B&O
CINCINNATI
CUMBERLA
Southwest
B&O
LOUISVILLE
South
South
Soft Coal Fields

LEGEND

Central RR Co. of New Jersey ▬▬
New York & Long Branch RR Co. ▬ ▬ ▬
Lehigh & Hudson River Rwy. Co ▬ ·
Raritan River Railroad Co. - - - - -

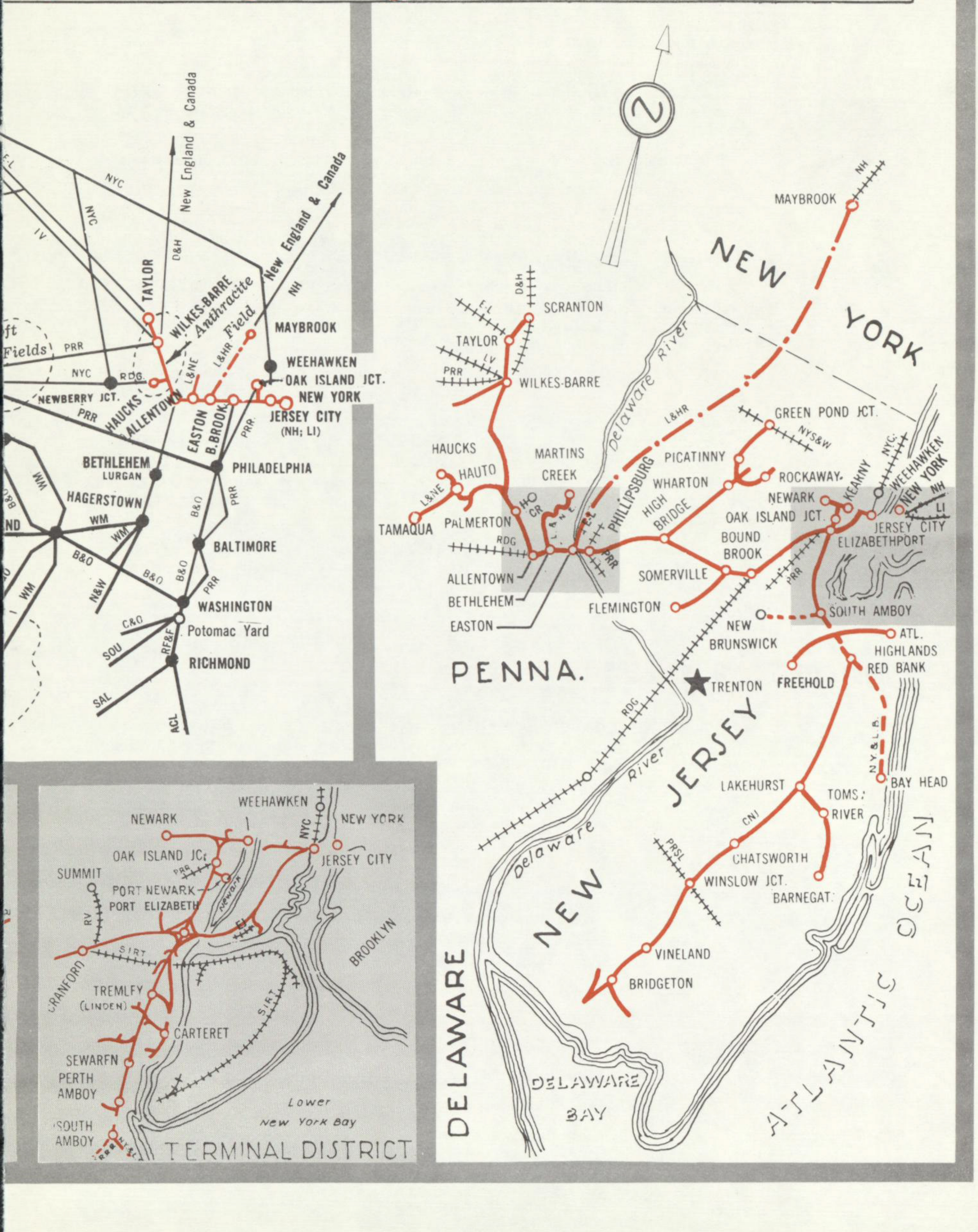
B&O--Baltimore & Ohio
C&O—Chesapeake & Ohio
CR Ry.—Chestnut Ridge Ry.
D&H—Delaware & Hudson
EJ RR—East Jersey RR
E-L—Erie-Lackawanna
IR RR—Ironton RR
L&HR—Lehigh & Hudson River
L&NE—Lehigh & New England Rwy.
LI—Long Island RR
LV—Lehigh Valley RR
N&B—Northampton & Bath

N&W—Norfolk & Western
NH—New Haven RR
NYC—New York Central
NY&LB—New York & Long Branch
NYS&W—N.Y. Susquehanna & Western
PRR—Pennsylvania RR
PRSL—Penn-Reading Seashore Line
RDG—Reading RR
RRRR—Raritan River RR
RV—Rahway Valley RR
SIRT—Staten Isl. Rapid Transit (B&O)
WM—Western Maryland Ry.



LEHIGH DISTRICT
C.R. RY
KUNKLETOWN
River
L & H
PALMERTON
CNJ
E.L
PRR
MARTINS CREEK
L&NE
NAZARETH
BATH
CLYDE
PHILLIPSBURG
E.L
EASTON
CNJ
I.R. RR
N&B
NORTHAMPTON
L&NE
CNJ
PRR
RDG
BETHLEHEM
Delaware
ALLENTOWN

rsey -- Principal Freight Service Routes


New England & Canada
E-L
NYC
NYC
LV
D&H
New England & Canada
NH
TAYLOR
WILKES-BARRE
Anthracite Field
L&HR
MAYBROOK
ft
Fields
PRR
NYC
RDG
L&NE
WEEHAWKEN
OAK ISLAND JCT.
NEW YORK
NEWBERRY JCT.
HAUCKS
ALLENTOWN
EASTON
B.BROOK
PRR
PRR
JERSEY CITY
(NH; LI)
BETHLEHEM
LURGAN
PHILADELPHIA
WM
HAGERSTOWN
WM
WM
B&O
PRR
ND
BALTIMORE
B&O
B&O
B&O
PRR
N&W
WM
WASHINGTON
C&O
Potomac Yard
SOU
RF&F
RICHMOND
SAL
ACL
N
MAYBROOK
NH
NEW YORK
D&H
SCRANTON
E-L
TAYLOR
LV
PRR
WILKES-BARRE
Delaware River
L&HR
GREEN POND JCT.
NYS&W
HAUCKS
HAUTO
MARTINS CREEK
PICATINNY
WHARTON
ROCKAWAY
NYC
WEEHAWKEN
NEW YORK
NH
LI
L&NE
TAMAQUA
PALMERTON
CR
L&NE
PHILLIPSBURG
HIGH BRIDGE
NEWARK
KEARNY
OAK ISLAND JCT.
JERSEY CITY
ELIZABETHPORT
RDG
BOUND BROOK
PRR
PRR
ALLENTOWN
BETHLEHEM
EASTON
SOMERVILLE
FLEMINGTON
SOUTH AMBOY
NEW BRUNSWICK
ATL. HIGHLANDS
RED BANK
PENNA.
TRENTON
FREEHOLD
RDG
River
NEW JERSEY
NY&LB
BAY HEAD
LAKEHURST
TOMS RIVER
CNJ
PRSL
CHATSWORTH
Delaware
WINSLOW JCT.
BARNEGAT
VINELAND
BRIDGETON
DELAWARE
DELAWARE BAY
ATLANTIC OCEAN
WEEHAWKEN
NEWARK
NEW YORK
NYC
OAK ISLAND JC.
JERSEY CITY
SUMMIT
PRR
PORT NEWARK
PORT ELIZABETH
Newark
RV
CNJ
BROOKLYN
CRANFORD
SIRT
TREMLEY
(LINDEN)
CARTERET
SIRT
SEWAREN
PERTH AMBOY
Lower New York Bay
SOUTH AMBOY
NY&LB
TERMINAL DISTRICT

Jersey, and crossing-gate and bridge installations also largely reimbursed by the State.

Aldene Plan installations included the Raritan Engine Terminal at an estimated cost of $367,865; an addition to "RA" Tower at Raritan at an estimated cost of $93,808; and a passenger yard at Harrison at an estimated cost of $550,000. The State of New Jersey will assume all costs.

The bridge at Central Crossing in Fanwood, New Jersey, was reconstructed at an estimated cost of $135,600, with the State of New Jersey bearing 95% of the cost.

Substantial progress was made in automatic crossing protection installations.

In cooperation with the Delaware & Hudson Railroad, five crossings were completed in Wilkes-Barre, Plains Township and Miners Mills, Pa.

With the cooperation of the Reading Company, two projects have been approved at Basin and Auburn Streets, Allentown, Pa.

Three installations were completed on the New York & Long Branch Railroad at Brielle and Sea Girt. Two additional installations have been ordered by the New Jersey Public Utilities Commission at Oak Glen Road, Howell Township and Elizabeth Avenue (Bartley), Washington Township, N.J.

Additionally there are four installations involving six highway crossings ordered and under way on the New York & Long Branch Railroad at Holmdel, Deal and Bay Head.

On the New York & Long Branch Railroad there are 18 additional crossings at Neptune, Manasquan, Asbury Park, Long Branch and Little Silver, which have been ordered by the Public Utilities Commission, some of which include replacing flashers with automatic gates and others replacing manual protection with automatic gates.

The cost of installation in New Jersey is borne 15% by the Central Railroad or the New York & Long Branch Railroad, as the case may be, but the State of Pennsylvania does not participate in the cost of installation.

DIRECTORS AND OFFICERS

On July 27, 1966, Mr. John F. Kerslake was elected Director and Mr. Irving N. Like was appointed a member of the Executive Committee to fill the vacancies created by the death of Mr. Fred N. Oliver. On October 19, 1966, the By-Laws of the Company were amended to increase the number of Directors from nine to ten, and, at the Annual Meeting of Stockholders held December 5, 1966, the former Directors were re-elected and a new Director, Mr. Samuel Carliner, was elected.

By Order of the Directors
The Central Railroad Company of New Jersey
March, 1967

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

	Year ended Dec. 31 1966	1965
Railway Operating Revenues:		
Freight:		
Merchandise	$ 34,127,311	$ 33,472,954
Anthracite	2,674,800	3,119,300
Bituminous	5,658,475	5,969,205
	$ 42,460,586	$ 42,561,459
Passenger, mail, express, state aid and other	13,112,116	11,249,365
Total	$ 55,572,702	$ 53,810,824
Railway Operating Expenses:		
Payrolls	$ 32,741,985	$ 31,853,650
Material, supplies and other expenses	$ 14,174,486	11,614,358
Depreciation	2,992,084	3,086,715
Total	$ 49,908,555	$ 46,554,723
Net Revenue From Railway Operations	$ 5,664,147	$ 7,256,101
Charges to Net Revenue:		
Railway taxes:		
New Jersey property and franchise taxes	$ 1,418,812	$ 2,656,804
Payroll taxes	3,179,048	2,808,808
Other	80,510	15,571
	$ 4,678,370	$ 5,481,183
Hire of equipment and joint facility rents (net)	$ 5,726,697	4,942,178
Total	$ 10,405,067	$ 10,423,361
Net Railway Operating Loss	$ 4,740,920	$ 3,167,260
Other Income:		
Rent of properties	$ 286,351	$ 286,792
Dividends	214,610	162,020
Interest	177,278	185,950
Sale of land and other items (net)	1,503,411	756,592
Total	$ 2,181,650	$ 1,391,354
	$ (2,559,270)	$ (1,775,906)
Fixed Charges:		
Rent of leased roads	$ 2,300,331	$ 2,301,692
Interest and amortization of discount on debt	2,628,160	2,625,853
Total	$ 4,928,491	$ 4,927,545
Net Loss	$ 7,487,761	$ 6,703,451
Retained Earnings at Beginning of Year	$ 18,508,554	$ 25,212,005
RETAINED EARNINGS AT END OF YEAR	$ 11,020,793	$ 18,508,554

See accompanying notes to consolidated financial statements.

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

CONSOLIDATED BALANCE SHEET

Assets

	December 31 1966	December 31 1965
Current Assets:		
Cash and temporary cash investments	$ 3,782,455	$ 2,174,881
Accounts receivable and unbilled revenue	5,774,765	5,607,978
Materials and supplies	2,423,875	2,096,040
Prepayments and working fund advances	47,811	507,885
Estimated salvage recoverable on retirements within one year	78,183	1,515,712
	$ 12,107,089	$ 11,902,496
Special Funds:		
Funds for investment in properties or retirement of debt	$ 148,949	$ 73,367
Insurance and other deposits	210,909	209,383
	$ 359,858	$ 282,750
Investments and Advances at or Below Cost, (Substantially all pledged under General Mortgage):		
Affiliated companies	$ 6,316,485	$ 6,143,320
Other	828,287	843,392
	$ 7,144,772	$ 6,986,712
Properties less Depreciation and Amortization (note 3)	$ 109,284,410	$ 113,482,267
Other Assets:		
Miscellaneous items in suspense	$ 877,627	$ 771,783
Estimated salvage recoverable on retirements	79,725	67,729
	$ 957,352	$ 839,512
	$ 129,853,481	$ 133,493,737

Liabilities and Shareowners' Equity

	December 31 1966	December 31 1965
Current Liabilities (excluding long-term debt due within one year)		
Loans and Notes Payable	$	$ 144,559
Accounts payable	12,124,599	7,807,067
Employees vacation pay	2,276,000	2,084,000
Accrued payroll	1,601,995	1,644,861
Accrued taxes	456,164	388,124
Injury and damage claims	636,329	625,982
Other current liabilities	1,139,212	804,289
	$ 18,234,299	$ 13,498,882
Long-Term Debt Due Within One Year (note 4)	$ 4,267,718	$ 3,733,056
	$ 22,502,017	$ 17,231,938
Long-Term Debt:		
Mortgage bonds (note 5)	$ 42,890,000	$ 42,890,000
Notes payable (notes 5 and 6)	15,754,250	17,985,000
Equipment trust obligations	406,000	884,000
Conditional sale agreements	3,769,307	4,916,010
	$ 62,819,557	$ 66,675,010
Other Liabilities:		
Personal injury claims	$ 1,750,609	$ 913,528
Miscellaneous liabilities and items in suspense	5,086,237	3,490,439
	$ 6,836,846	$ 4,403,967
Shareowners' Equity:		
Capital stock authorized 460,000 shares of $50 par value, issued 457,915 shares less 19,877 shares in treasury	$ 21,901,900	$ 21,901,900
Other paid-in Capital	4,772,368	4,772,368
Retained earnings (note 6)	11,020,793	18,508,554
	$ 37,695,061	$ 45,182,822
	$ 129,853,481	$ 133,493,737

See accompanying notes to consolidated financial statements.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
SEVENTY PINE STREET
NEW YORK, NEW YORK 10005

The Board of Directors and Stockholders
The Central Railroad Company of New Jersey:

We have examined the consolidated balance sheet of The Central Railroad Company of New Jersey and subsidiaries as of December 31, 1966 and the related statement of consolidated income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the asset, liability and capital accounts in the accompanying consolidated balance sheet of The Central Railroad Company of New Jersey and subsidiaries at December 31, 1966 are fairly stated on a going concern basis without giving effect to the March 22, 1967 petition in bankruptcy, (see Note 1 to the financial statements) and the statement of consolidated income and retained earnings present fairly the result of operations for the year ended December 31, 1966, all in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. However, in view of the bankruptcy and uncertainties as to the reorganization, as explained in Note 1, we are unable to express an opinion on the financial position of the Central Railroad Company of New Jersey and subsidiaries as shown in the accompanying financial statements.

March 27, 1967

Peat, Marwick, Mitchell & Co.

Notes To Consolidated Financial Statements

1. General:

On March 22, 1967, the Company filed its voluntary petition under Section 77 of the Bankruptcy Act. The accompanying consolidated balance sheet has been prepared on a going concern basis and does not give effect to any adjustments resulting from the Court Order issued on March 22, 1967 or future court approved actions of the Trustee(s) (to be appointed April 11, 1967) as to the nature and extent of the Company's operations or to any adjustments which would be a part of a plan of reorganization or result from a sale of all or part of the Company's properties.

2. Principles of Consolidation:

All 100% owned subsidiaries have been consolidated except one non-railroad company owning land and one small railroad company acquired in 1965. The Company's equity in the net assets of affiliated and other companies not consolidated as determined by the most recent unaudited statements available exceeds the net amount of investments and advances in such companies.

3. Properties:

Depreciation on road property has been provided in the accounts since January 1, 1943 in accordance with regulations issued and rates approved by the Interstate Commerce Commission. Prior to the date referred to above, no such provision was required by the Interstate Commerce Commission.

The Company is obligated under certain freight car lease agreements covering 2,267 freight cars and expiring in various years through 1974. The aggregate rental under these leases for the year 1966 was $1,198,278 and the rentals for the next five years are approximately:

1967	$1,300,000
1968	1,100,000
1969	720,000
1970	540,000
1971	300,000

4. Long-Term Debt Due Within One Year:

Included in long-term debt due within one year is an amount of $525,000 due July 1, 1967 representing the balance of $1,050,000 originally due July 1, 1965. However, under an order granted by the Interstate Commerce Commission, the first payment of $525,000 was deferred to July 1, 1966 and the second payment to July 1, 1967. The payment due on July 1, 1966 was made on that date.

5. Long Term Debt, including Trust Indenture:

The trust indenture provides that until outstanding general mortgage bonds are reduced to $24,000,000:
(a) One-half of "available net income" for each year, as defined in the indenture, shall be applied to the retirement of outstanding bonds on or before April 1 of the following year. No payment will be required under this provision for 1966 as there was no "available net income"
(b) The remainder of "available net income" shall be applied first, for capital improvements for which funds are not available other than from the Capital Fund; second, to restore the Capital Fund to $2,500,000; and third, for any other corporate purpose. Net proceeds from sales of meadowland property also may be used to restore the Capital Fund to the above stated amount, and any such proceeds not so used are to be applied to the retirement of general mortgage bonds. If "available net income" for any year shall be a deficit, the amount of such deficit may, at the discretion of the Board of Directors, be carried forward and deducted in determining "available net income" in subsequent years. The amount of deficit available for carry forward at December 31, 1966 is $51,994,057.

6. Dividends:

Collateral Trust Agreements executed in connection with $20,000,000 of 5% Trust Notes contain certain restrictions on the declaration and payment of dividends. Under the most restrictive of these provisions no dividend may be declared without (a) the written consent of the Interstate Commerce Commission; (b) unless the Company's accumulated net income from January 1, 1961 exceeds the amount of proposed dividend.

7. Pending Insurance Claim:

The Company has filed a claim in an amount of approximately $1,000,000 for damages incurred on May 19, 1966 to its Newark Bay Bridge. The exact amount ultimately to be collected has not been determined and therefore, has not been reflected in the financial statements as of December 31, 1966.

8. Litigation:

At December 31, 1966, the Company was defendant in several suits involving substantial damage claims. At this time counsel is unable to express a definite opinion as to the final outcome of these matters or the ultimate liability, if any, that may result from these actions. Management is of the opinion that if unfavorable determinations do result they will not have any material effect on the Company's financial position.

LONG TERM DEBT (including amounts due within one year)

Mortgage Bonds

Date of Issue	Date of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1966
July 1, 1949	July 1, 1987	Jan. and July	3¼%	$48,731,000	$42,890,000

Notes Payable

Date of Issue	Dates of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1966
Oct. 31, 1961	July 1, 1966-1976	Jan. and July	5%	$15,000,000	$12,375,000
Oct. 31, 1961	Feb. 1, 1966-Aug. 1, 1968	—	None	1,330,000	490,000
Dec. 1, 1963	Dec. 1, 1966-1978	June and Dec.	5%	5,000,000	4,620,000
Apr. 8, 1965	Jan. 1, 1968	April 8	4%	100,000	100,000
June 21, 1965	Jan. 1, 1968	June 21	4%	200,000	200,000
Oct. 1, 1965	Jan. 1, 1968	Oct. 1	4%	100,000	100,000
Aug. 15, 1966	Jan. 1, 1968	Aug. 15	4%	100,000	100,000
Oct. 31, 1966	May 31, 1968		5%	61,010	42,877
Apr. 28, 1966	—		6%	370,241	370,241
		Total	. . . .	$22,261,251	$18,398,118

Equipment Trust Obligations

Date	Equipment Securing Obligations	Interest Rate	Original Amount of Obligation	Unmatured and Outstanding Dec. 31, 1966
Oct. 1, 1952	23 Diesel Units	3½%	$ 2,895,000	$ 193,000
Mar. 1, 1953	500 Box Cars	3⅜%	2,460,000	328,000
Apr. 1, 1954	4 Rail Diesel Coaches 7 Diesel Units	3⅛%	1,815,000	363,000
	Total	. . . .	$ 7,170,000	$ 884,000

Conditional Sale Agreements

Aug. 31, 1962	425 Gondola Cars	5½%	$ 765,000	$ 189,450
Feb. 1, 1963	474 Box Cars; 26 Cement Cars	5⅜%	1,780,350	606,856
May 5, 1965	12 Diesel Locomotives	4¾%	2,624,056	2,405,385
July 2, 1965	Office Furniture	5%	18,746	13,435
Oct. 1, 1965	704 Box Cars	5½%	1,760,000	1,647,059
Nov. 10, 1965	Office Furniture	5%	51,332	40,210
Jan. 31, 1966	Office Furniture	5%	15,314	12,762
	Total	. . . .	$ 7,014,798	$ 4,915,157
		Grand Total		$67,087,275
		Less amount due within one year		4,267,718
				$62,819,557

Properties

	December 31, 1966	1965
Transportation Property:		
Road and roadway structures	$ 89,394,730	$ 90,353,356
Equipment	53,229,330	54,795,023
Improvements on leased property	10,314,922	10,511,032
Miscellaneous physical property	2,366,865	2,471,482
Total	$155,305,847	$158,130,893
Allowance for depreciation and amortization:		
Roadway Structures	$ 14,421,131	$ 13,522,006
Equipment	29,573,396	29,277,475
Improvements on leased property	1,909,799	1,746,211
Miscellaneous physical property	117,111	102,934
Total	$ 46,021,437	$ 44,648,626
Net Investment in properties	$109,284,410	$113,482,267

INVESTMENTS IN AFFILIATED AND OTHER COMPANIES (EXCLUDING CONSOLIDATED SUBSIDIARIES)

Affiliated Companies

Stocks

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value Dec. 31, 1966
Allentown Terminal Railroad Company		50	225,000	$ 225,000
Bay Shore Connecting Railroad Company . . .		50	27,900	27,900
Communipaw Central Land Company		100	2,000	2,000
Dover and Rockaway Railroad Company		80	95,700	91,955
Mount Hope Mineral Railroad Company		68	109,300	224,233
New York and Long Branch Railroad Company . . .		50	2,000,000	2,000,000
Railway Express Agency, Inc.		1	22,836	1,100
Raritan River Railroad Company — Common . . .		100	25,000	25,000
Raritan River Railroad Company — Preferred . .			495,300	839,610
Total				$3,436,798

Bonds

Allentown Terminal Railroad Company First Mortgage Gold Bonds	July 1, 1974		$ 212,000	$ 212,000
New York and Long Branch R.R. Co. 4% Cons. Mtge. Gold Bonds, Series "B" . . .	Sept. 1, 1981		1,106,000	1,106,000
New York and Long Branch R.R. Co. 5% Cons. Mtge. Bonds, Series "A"	July 1, 1979		269,000	269,000
Total				$1,587,000

Notes

Railway Express Agency, Inc. 5%	$ 318,071

Advances

Bay Shore Connecting Railroad Company	$ 12,579
Communipaw Central Land Company	179,513
New York and Long Branch Railroad Company . . .	782,524
Total	$ 974,616
Total Affiliated Companies per consolidated balance sheet	$6,316,485

Other

Stocks

Lehigh and Hudson River Railroad Company . . .	$ 787,000	$ 748,287

Mortgages

Mel - Nov Realty Co.	$ 80,000
Total Other per consolidated balance sheet	$ 828,287

EQUIPMENT as of December 31, 1966

Locomotives

Diesel-Electric		Number of Units	Average Weight (Tons)	Average Tractive Power
Road Freight	1500 H.P.	3 "A"	135.3	67,875
General Utility	1000 H.P.	6	123.4	61,688
" "	1200 H.P.	4	121.4	60,700
" "	1500 H.P.	27	127.2	63,580
" "	1600 H.P.	30	125.6	62,787
" "	1600 H.P. (6 Motors)	14	180.1	90,057
" "	2400 H.P. (6 ")	13	192.2	96,082
" "	2500 H.P. (6 ")	12	193.4	93,790
Yard Switchers		44	115.3	57,677
Total		153	21,249.6	10,589,937
Average			138.9	69,215

Freight Cars

	Number			Total Capacity (Tons)
	Owned	Leased	Total	
Box	2,414	2	2,416	121,850
Coal	3	1,639	1,642	90,310
Gondola	489	425	914	62,480
Ore	8	—	8	560
Flat	19	80	99	7,085
Cement	1,063	4	1,067	74,405
Refrigerator	—	1	1	70
Caboose	83	—	83	—
Poling	5	—	5	—
Total	4,084	2,151	6,235	356,760

Passenger Cars

	Number
Coaches	198
Combination Passenger	16
Baggage & Express	20
Club	17
Diesel Rail Pass. Coaches	11
Total	262

Marine Department

	Number
Ferryboats	* 3
Tugboats	2
Open deck lighterage-scows	13
Steam hoist lighters	1
Covered barges	11
Car floats	8
Company service (misc.)	4
Total	42

* Inc. 2 leased from New York City

TRANSPORTATION STATISTICS

	Year 1966	Year 1965	
Train Miles:			
Freight	1,294,306	1,371,493	# 6
Passenger	1,363,858	1,469,719	# 7
Total revenue service	2,658,164	2,841,212	# 6
Work	9,411	8,838	6
Total train miles	2,667,575	2,850,050	# 7
Car Miles:			
Freight — loaded	38,436,315	40,759,730	# 6
Freight — empty	26,882,251	28,263,121	# 5
Total freight (including caboose)	66,609,431	70,340,423	# 5
Passenger	6,305,876	7,134,701	#12
Gross ton miles freight (thousands)	3,785,047	3,856,597	# 2
Net ton miles (thousands)	2,014,320	2,011,560	—
Freight Trains:			
Average net train load	1,556	1,467	6
Average gross train load	2,924	2,812	4
Freight Cars:			
Net tons per loaded car	52.4	49.4	6
Percent net to gross	53.2	52.2	2
Percent loaded to total car miles	57.7	59.0	# 2
Car miles per car day (of cars in service)	16.2	16.7	# 3
Net ton miles per car day (of cars in service)	500	487	3
Yard:			
Cars dispatched per yard engine hour	7.5	7.9	# 5
Cost of fuel and wages per car dispatched	$2.54	$2.29	11
Passenger Trains:			
Average cars per train	4.6	4.9	# 6
Cost of fuel and wages per train mile	$1.90	$1.85	3

# Denotes Reverse Figure

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

REVENUES

Years	Freight Revenue	Passenger Revenue	Mail Revenue	Express Revenue	Other Revenues	Total Operating Revenues
1966	$42,460,586	$4,521,338	—	$ 1,080	$8,589,698	$55,572,702
1965	42,561,459	5,008,836	442,311	292	5,797,926	53,810,824
1964	40,462,206	5,287,066	1,004,062	148	4,029,216	50,782,698
1963	42,482,077	5,324,610	1,418,274	9,732	3,457,713	52,692,406
1962	43,336,971	5,546,644	1,938,488	196,744	3,417,128	54,435,975
1961	39,921,607	5,525,466	1,932,685	384,486	3,365,053	51,129,297
1960	40,975,488	5,677,377	1,903,021	717,086	2,315,888	51,588,860
1959	43,070,361	5,720,196	1,940,606	650,774	1,628,410	53,010,347
1958	44,416,665	5,953,031	1,769,016	612,529	1,794,754	54,545,995
1957	49,560,929	6,348,210	1,463,442	785,466	2,034,993	60,193,040

EXPENSES

Years	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Trans-portation	Miscellaneous Operations	General	Total Operating Expenses	Percentages of Expenses to Revenue	Net Revenue from Railway Operations
1966	$6,491,138	$ 9,952,227	$1,413,393	$ 28,902,126	$77,858	$3,071,818	$49,908,555	89.81	$5,664,147
1965	5,622,405	9,285,434	1,308,989	27,280,383	45,914	3,011,598	46,554,723	86.51	7,256,101
1964	5,784,705	9,883,235	1,012,104	27,122,048	22,711	3,088,649	46,913,452	92.38	3,869,246
1963	5,977,175	8,739,000	944,603	26,910,103	20,890	2,642,027	45,233,798	85.84	7,458,608
1962	6,950,064	8,810,900	886,892	27,053,995	24,667	2,707,547	46,434,065	85.30	8,001,910
1961	6,017,105	8,500,538	910,971	25,847,691	22,012	2,632,823	43,931,140	85.92	7,198,157
1960	5,870,523	7,447,809	909,971	25,455,594	32,651	2,789,012	42,505,560	82.39	9,083,300
1959	6,258,073	9,176,325	918,062	25,713,235	52,037	2,789,676	44,907,408	84.71	8,102,939
1958	6,295,271	9,332,589	890,458	26,711,626	48,260	2,800,455	46,078,659	84.48	8,467,336
1957	7,019,570	10,558,340	947,338	27,063,265	37,760	2,816,512	48,442,785	80.48	11,750,255

NET RAILWAY OPERATING INCOME, FIXED CHARGES AND NET INCOME

Years	Net Railway Operating Income	Other Corporate Income (Net)	Income Available For Fixed Charges	Fixed Charges	Net Income
1966	$4,740,920#	$2,181,650	$2,559,270#	$4,928,491	$7,487,761#
1965	3,167,260#	1,391,354	1,775,906#	4,927,545	6,703,451#
1964	5,596,139#	2,087,773	3,508,366#	4,781,229	8,289,595#
1963	2,646,789#	1,289,091	1,357,698#	4,720,921	6,078,619#
1962	3,473,978#	733,828	2,740,150#	4,725,668	7,465,818#
1961	4,060,033#	1,126,161	2,933,872#	4,167,176	7,101,048#
1960	1,369,773#	1,177,663	192,110#	4,100,919	4,293,029#
1959	537,179	795,545	1,332,724	4,171,283	2,838,559#
1958	495,952	1,839,709	2,335,661	4,240,302	1,904,641#
1957	3,436,628	856,629	4,293,257	4,250,562	42,695

# Denotes Reverse Figure

REVENUE FREIGHT TRAFFIC STATISTICS

Years	Average Mileage Operated	Revenue Tons One Mile Per Mile of Road	Average Rate Per Ton Per Mile (Cents)	Revenue Freight Train Miles	Average Train Load (Revenue Tons)
1966	631.49	3,185,797	2.10	1,294,306	1,554
1965	633.36	3,164,468	2.12	1,371,493	1,461
1964	633.50	3,021,381	2.11	1,306,664	1,465
1963	635.73	3,293,299	2.05	1,318,274	1,588
1962	635.73	3,302,967	2.06	1,326,800	1,583
1961	613.68	3,199,237	2.03	1,257,213	1,562
1960	606.48	3,221,397	2.09	1,259,420	1,551
1959	608.82	3,221,430	2.19	1,312,597	1,494
1958	612.09	3,149,414	2.30	1,299,438	1,484
1957	626.22	3,387,685	2.33	1,437,896	1,475

REVENUE PASSENGER TRAFFIC STATISTICS

Years	Average Mileage Operated(*)	Passengers One Mile	Average Rate Per Passenger Per Mile (Cents)	Total Passenger Train Miles (X)	Total Passenger Train Miles Per Mile Road	Revenue Per Train Mile Passenger	
						Passengers Only	All Sources
1966	169.67	130,048,566	3.48	1,363,858	8,038	$ 3.32	$ 3.35
1965	212.03	144,272,314	3.53	1,469,719	6,932	3.46	3.75
1964	263.59	152,343,766	3.47	1,620,716	6,149	3.26	3.92
1963	263.59	155,358,711	3.43	1,686,331	6,398	3.16	4.04
1962	263.59	163,398,466	3.39	1,730,448	6,565	3.21	4.45
1961	263.73	162,698,827	3.40	1,742,117	6,606	3.17	4.54
1960	264.56	174,710,147	3.25	1,751,493	6,620	3.24	4.78
1959	271.82	179,413,247	3.19	1,778,099	6,541	3.22	4.72
1958	276.42	205,667,764	2.89	1,929,100	6,979	3.09	4.36
1957	276.70	236,068,717	2.69	2,096,721	7,578	3.03	4.14

(*) Excludes mileage exclusively for freight traffic.

(X) Including express trains.

TRACK MILEAGE (December 31, 1966)

	Miles of First Main Track	Miles of Additional Main Track	Miles of Yard Tracks & Sidings	Total All Tracks
Owned	415.51	145.99	413.42	974.92
Leased:				
Controlled through ownership of majority of capital stock . .	4.54	....	2.15	6.69
Not controlled	128.96	59.72	168.77	357.45
Trackage rights granted by other companies	82.48	69.33	29.44	181.25
Total miles of road operated	631.49	275.04	613.78	1,520.31

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

FREIGHT REVENUE BY COMMODITIES

Commodity

	1965		1966	
	Cars	Revenue	Cars	Revenue
Farm Products				
Grain	1,609	$ 167,242	2,027	$ 172,140
Field Crops	2,881	107,533	2,474	120,455
Livestock	5,569	164,003	3,025	44,824
Other	6,021	$ 299,953	8,399	$ 375,115
Total	16,080	$ 738,731	15,925	$ 712,534
Forest Products	1,135	$ 62,500	1,313	$ 79,378
Fresh Fish or Other Marine Products	135	$ 4,383	98	$ 3,241
Metallic Ores				
Iron Ores	12,940	$ 877,494	15,432	$ 1,055,344
Zinc Ores	4,970	376,215	4,075	325,481
Other	4,522	396,032	4,783	493,989
Total	22,432	$ 1,649,741	24,290	$ 1,874,814
Coal				
Anthracite (Prepared)	38,827	$ 2,961,232	33,270	$ 2,517,882
Bituminous	138,727	6,056,465	136,383	5,743,231
Unprepared	15,376	160,516	13,875	144,844
Total	192,930	$ 9,178,213	183,528	$ 8,405,957
Crude Petroleum, Natural Gas or Gasoline	144	$ 4,953	23	$ 1,099
Nonmetallic Minerals; Except Fuels				
Crushed or Broken Stone	8,464	$ 358,033	7,470	$ 346,071
Sand or Gravel	20,750	1,611,573	21,831	1,840,675
Chemical or Fertilizer Minerals	4,600	527,213	3,994	439,128
Other	2,802	183,017	3,610	244,637
Total	36,616	$ 2,679,836	36,905	$ 2,870,511
Ordnance or Accessories	838	$ 159,171	1,193	$ 257,947
Food or Kindred Products				
Meat, Fresh or Chilled	3,984	$ 270,890	5,035	$ 337,182
Grain Mill Products	14,240	812,710	12,980	861,958
Malt Liquors	2,599	164,685	2,603	164,368
Soybean Oil or By-Products	2,949	295,791	3,064	266,874
Other	26,032	1,932,540	27,323	2,153,004
Total	49,804	$ 3,476,616	51,005	$ 3,783,386
Tobacco Products	552	$ 25,651	360	$ 16,052
Basic Textiles	2,507	$ 97,651	2,002	$ 82,971
Apparel	388	$ 19,859	281	$ 14,171
Lumber or Wood Products, Except Furniture	14,547	$ 958,858	14,231	$ 919,290
Furniture or Fixtures	9,653	$ 333,384	11,183	$ 343,842
Pulp, Paper or Allied Products				
Pulp or Pulp Mill Products	4,651	$ 290,458	4,409	$ 278,495
Paper	23,284	1,382,521	24,187	1,535,058
Fibreboard, Paperboard, Pulpboard	14,902	721,781	15,548	784,167
Sanitary Paper Products	6,442	189,572	7,029	201,073
Other	8,577	375,420	8,948	475,781
Total	57,856	$ 2,959,752	60,121	$ 3,274,574
Printed Matter	1,053	$ 99,084	1,028	$ 98,155
Chemicals or Allied Products				
Sodium, Potassium, Calcium	13,998	$ 1,846,368	12,484	$ 1,681,686
Industrial Gases	3,281	297,975	2,924	274,851
Inorganic Pigments (Lead, Zinc, etc.)	3,069	239,476	2,827	221,545
Alcohols	2,725	225,733	2,862	244,600
Plastic Materials	4,319	416,153	5,519	570,103
Paints, Varnishes, Lacquers, Enamels	1,577	143,391	1,489	140,682
Other	28,357	2,834,254	28,914	2,911,399
Total	57,326	$ 6,003,350	57,019	$ 6,044,866

Commodity

	1965		1966	
	Cars	Revenue	Cars	Revenue
Petroleum or Coal Products				
Refined Petroleum Products	13,609	$ 1,257,304	13,354	$ 1,169,229
Other	5,526	382,448	4,401	309,558
Total	19,135	$ 1,639,752	17,755	$ 1,478,787
Rubber or Miscellaneous Plastic Products	3,924	$ 132,661	4,778	$ 179,469
Leather or Leather Products	73	$ 3,535	155	$ 6,623
Stone, Clay, or Glass Products				
Glass Containers	8,091	$ 381,457	8,031	$ 392,248
Hydraulic Cement	29,949	2,632,184	27,334	2,474,326
Other	23,052	1,579,356	22,315	1,544,360
Total	61,092	$ 4,592,997	57,680	$ 4,410,934
Primary Metal Products				
Iron or Steel Plates	3,201	$ 239,600	2,889	$ 203,833
Iron or Steel Bars	2,432	304,903	1,580	136,721
Steel Piping and Fittings	1,689	117,822	1,785	106,788
Copper, Lead, Zinc, Brass	9,177	837,011	9,773	964,624
Other	8,841	685,441	9,746	740,003
Total	25,340	$ 2,184,777	25,773	$ 2,151,969
Fabricated Metal Products, Except Ordnance				
Metal Cans	2,120	$ 88,285	1,783	$ 72,086
Structural Iron or Steel	6,392	566,208	7,725	613,142
Other	4,122	261,914	6,008	481,138
Total	12,634	$ 916,407	15,516	$ 1,166,366
Machinery, Except Electrical	5,459	$ 459,158	5,276	$ 447,498
Electrical Machinery or Equipment	5,256	$ 282,073	4,861	$ 294,895
Transportation Equipment				
Motor Vehicles	2,289	$ 134,963	707	$ 55,696
Motor Vehicle Parts	5,622	293,354	3,606	203,236
Passenger Car Bodies	2,034	59,709	1,056	41,269
Railroad or Street Cars	1,062	54,042	343	22,424
Other	524	39,030	510	33,642
Total	11,531	$ 581,098	6,222	$ 356,267
Instruments or Photographic Goods	115	$ 6,997	127	$ 9,458
Miscellaneous Products of Manufacturing				
Games or Toys	3,331	$ 160,207	2,113	$ 105,092
Other	1,464	68,206	1,308	64,003
Total	4,795	$ 228,413	3,421	$ 169,095
Waste or Scrap Materials				
Iron or Steel Scrap	11,903	$ 1,532,390	10,522	$ 1,067,269
Brass, Bronze, Copper Scrap	4,138	310,821	4,519	379,656
Textile Scrap	2,850	123,721	2,723	122,300
Paper Waste	4,365	189,747	4,562	210,596
Other	4,562	366,513	3,732	299,102
Total	27,818	$ 2,523,192	26,058	$ 2,078,923
Miscellaneous Freight Shipments	4,765	$ 268,492	3,034	$ 153,299
Containers, Shipping, Returned Empty	1,195	$ 37,651	1,440	$ 52,515
Freight Forwarder Traffic	15,377	$ 719,597	19,791	$ 863,447
Shipper Association or Similar Traffic	14,285	$ 298,028	16,805	$ 324,320
Miscellaneous Mixed Shipments; Except Forwarder	8,881	$ 552,022	11,002	$ 582,579
GRAND TOTAL CARLOAD TRAFFIC	685,671	$43,878,583	680,199	$43,509,232
Less Than Carload Traffic	—	41,993	—	37,412
GRAND TOTAL CARLOAD & LCL TRAFFIC	685,671	$43,920,576	680,199	$43,546,644

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY and Subsidiaries

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L. J. Evans, General Freight Agent
H. A. Rader, Asst. Freight Agent
R. R. Giles, Marketing Assistant

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E. P. Seiwert, Asst. Frt. Traffic Mgr. (Piggyback)
P. J. Turnbach, Coal Freight Agent
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Freight Traffic Offices Elsewhere

In addition to the staff at the Newark General Office (above) Central Railroad of New Jersey traffic offices are maintained in the cities listed below. These offices are eager to give every assistance to shippers. You can help us by urging your shipper friends to ask these offices about Central Railroad of New Jersey service. Or tell your nearest office about prospective business that comes to your attention. They will carry on from there, promptly, courteously and thoroughly.

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CENTRAL RAILROAD COMPANY
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